

Forum on Transportation Investment

CLARIFY INFLATION IMPACT

Presented at the November 1, 2005 meeting

Jim Kempton, Chair, Forum on Transportation Investment

1

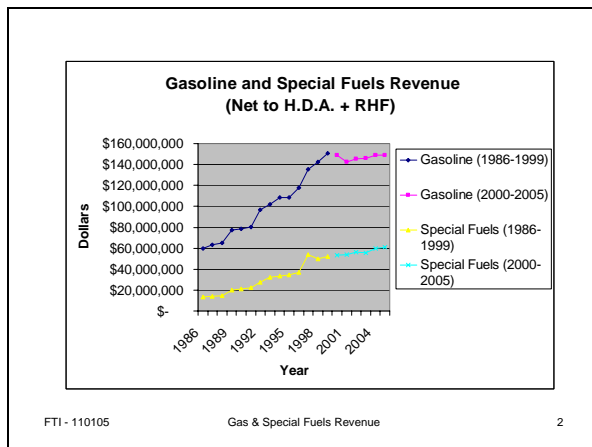
GASOLINE AND SPECIAL FUELS REVENUE (NET TO H.D.A. + RHF) Revised: 08/08/2005, 3:45 PM						
FY	Gasoline	Gasoline	Special Fuels	Special Fuels	Total	ID Fuel Tax
1986	\$ 60,046,111		\$ 13,187,096		\$ 73,233,207	14.5
1987	\$ 63,166,890		\$ 13,949,167		\$ 77,116,057	14.5
1988	\$ 64,815,072		\$ 14,492,074		\$ 79,307,146	18.0
1989	\$ 77,446,979		\$ 19,871,164		\$ 97,318,143	18.0
1990	\$ 78,603,698		\$ 21,072,178		\$ 99,675,876	18.0
1991	\$ 80,559,770		\$ 22,163,620		\$ 102,723,390	21.0
1992	\$ 96,607,140		\$ 27,815,853		\$ 124,422,993	21.0
1993	\$ 102,281,788		\$ 32,146,872		\$ 134,428,660	21.0
1994	\$ 108,652,150		\$ 33,323,789		\$ 141,975,939	21.0
1995	\$ 108,701,517		\$ 34,380,275		\$ 143,081,792	21.0
1996	\$ 117,780,949		\$ 36,814,647		\$ 154,595,596	25.0
1997	\$ 135,376,071		\$ 53,683,180		\$ 189,059,251	25.0
1998	\$ 142,430,230		\$ 60,030,586		\$ 202,460,816	25.0
1999	\$ 150,894,512		\$ 62,341,670		\$ 213,236,182	25.0
2000	\$ 148,662,734		\$ 53,607,680		\$ 202,270,413	25.0
2001	\$ 142,460,734		\$ 54,042,070		\$ 196,502,804	25.0
2002	\$ 145,326,420		\$ 56,163,042		\$ 201,489,462	25.0
2003	\$ 146,006,705		\$ 55,474,275		\$ 201,480,980	25.0
2004	\$ 148,879,407		\$ 59,603,360		\$ 208,482,767	25.0
2005	\$ 148,897,320		\$ 61,205,699		\$ 210,103,019	25.0

\$154,595,596. Varies from \$156,109,598 in ID Fuel Tax Adjusted as a Surrogate for Reduced FHWA Delta chart due to reporting timing for accounting purposes. Not a significant factor for the purposes of this data presentation.

FTI - 110105 Gas & Special Fuels Revenue 1

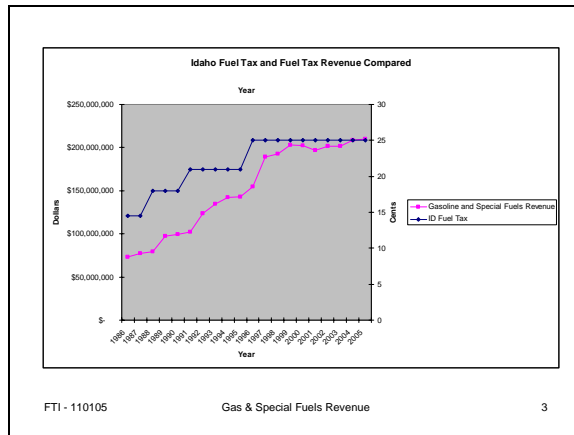
Jim reviewed charts illustrating the gasoline and special fuels revenue and their net proceeds to the Highway Distribution Account for the period covering 1986 through 2005.

2



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3



Slide 3 illustrates that the Idaho fuel tax per gallon compared to the fuel tax revenue received at first increased, but then during the past several years has leveled off. The projected shortfall in revenue for the transportation system is not contrived, but based on linear estimates that use historical models.

In 1976, the Idaho Legislature set the fuel tax rate at 8.5¢; in 1981 at 11.5¢; in 1982 at 12.5¢; in 1983 at 14.5¢; in 1988 at 18¢; in 1991 at 21¢; and in 1996 at the current 25¢ per gallon. The fuel tax rate was increased 3 times in 5 years, raising the rate from 14.5¢ to 21¢; however since 1996, the fuel tax rate has remained the same (25¢ per gallon). Over the last twenty years, the fuel tax rate has only increased 17¢.

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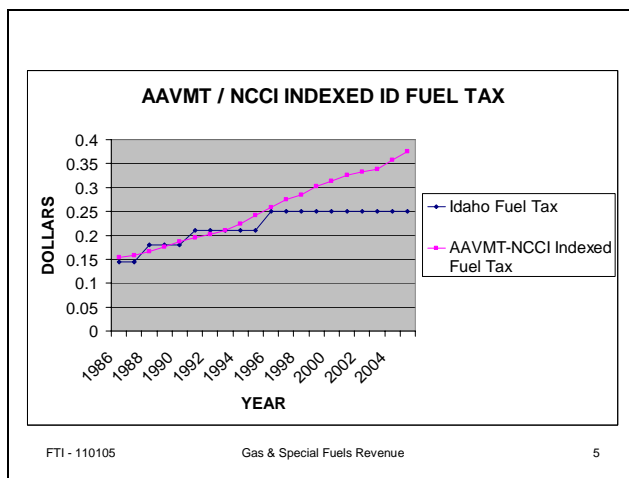
AAVMT-NCCI Indexed ID Fuel Tax

Year	AAVMT Fractional (3 Year)	NCCI	Ave. Growth (3 Year Basis)	Fractional Increase (3 Year)	Indexed ID Fuel Tax AAVMT + NCCI	Idaho Fuel Tax
1984		92.8				
1985		102.0				
1986		101.1	98.57	0.064	0.154	0.145
1987		100.0	101.03	0.091	0.158	0.145
1988	0.036	106.6	102.57	0.108	0.166	0.180
1989	0.077	107.7	104.77	0.131	0.175	0.180
1990	0.129	108.5	107.60	0.162	0.187	0.180
1991	0.181	107.5	107.90	0.165	0.195	0.210
1992	0.241	105.1	107.03	0.156	0.202	0.210
1993	0.299	106.3	106.97	0.155	0.211	0.210
1994	0.364	115.1	109.50	0.183	0.224	0.210
1995	0.427	121.9	115.10	0.243	0.242	0.210
1996	0.493	120.2	119.07	0.286	0.258	0.250
1997	0.552	130.6	124.23	0.342	0.275	0.250
1998	0.606	126.9	125.90	0.360	0.285	0.250
1999	0.663	136.5	131.33	0.418	0.302	0.250
2000	0.688	145.6	136.33	0.472	0.313	0.250
2001	0.715	144.8	142.30	0.537	0.326	0.250
2002	0.714	147.9	146.10	0.578	0.332	0.250
2003	0.741	149.8	147.50	0.593	0.338	0.250
2004	0.762	175.4	157.70	0.703	0.357	0.250
2005	0.790	175.4	166.87	0.802	0.376	0.250

FTI - 110105 Gas & Special Fuels Revenue 4

Why has there been no increase in the fuel tax rate during the past ten years? Several factors come into play. Federal revenue during these years has been very stable and sufficient to cover much of the capital improvements, but the SAFETEA-LU apportionment will increase at a much slower rate and by 2007-2009, federal revenue will decrease.

5



Jim compared the average annual vehicle miles traveled (AAVMT) and National Highway Construction Cost Index (NCCI) to estimate an indexed Idaho fuel tax. An indexed rate for the year 2000 indicates a tax at 31.3¢ per gallon and in 2005, a tax of 37.6¢. Jim noted that these estimates are probably conservative and even if fuel tax is indexed, the revenue generated from the increase will not totally fund projected capital improvement needs. Fuel tax is not the sole answer for funding Idaho's transportation system. The wants and needs of any transportation system are based on revenue generation. Idaho's transportation system faces a significant funding shortfall and major decisions about what is the best source of revenue generation are needed.

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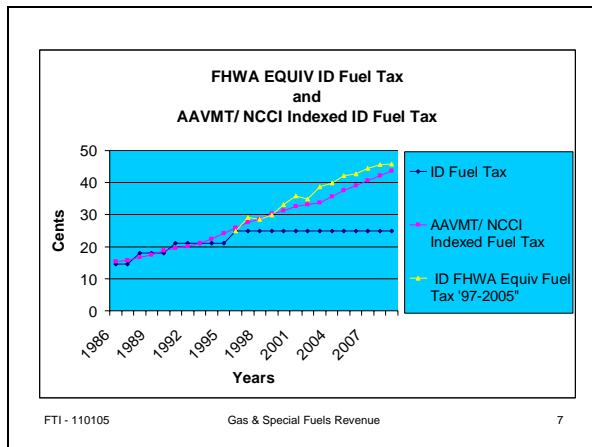
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Idaho Fuel Tax Adjusted as a Surrogate for Reduced FHWA Delta
Revision Date: 10/21/2005

PY	ID Fuel Tax (Cents)	\$ Collected Net to HDA + R&E	\$/G Collected per cent Tax	AAVMT / NCCI Indexed ID Fuel Tax (Cents)	Revenue Est. to HDA, R&E	FHWA \$/M to State	FHWA Delta 1994 base	ID Fuel Tax Equip.	ID Fuel Tax Adj.	Total break point for chart purposes
1985										
1986	14.5	\$ 73,252,207	\$ 5.05	15.4	\$ 77,778					
1987	14.5	\$ 77,116,037	\$ 5.32	15.9	\$ 84,003					
1988	15.0	\$ 79,305,047	\$ 4.41	16.6	\$ 73,140					
1989	15.0	\$ 97,324,143	\$ 5.41	17.5	\$ 84,621					
1990	15.0	\$ 89,071,535	\$ 5.54	18.7	\$ 103,852					
1991	21.0	\$ 102,253,303	\$ 4.87	19.5	\$ 84,652					
1992	21.0	\$ 123,919,603	\$ 5.90	20.2	\$ 119,199					
1993	21.0	\$ 134,439,540	\$ 6.40	21.1	\$ 135,049					
1994	21.0	\$ 141,975,558	\$ 6.70	22.4	\$ 151,441	\$ 95.50	\$ -			
1995	21.0	\$ 143,084,703	\$ 6.81	24.2	\$ 164,889	\$ 135.10	\$ 38.60	\$ 5.812	\$ 26.81	
1996	25.0	\$ 156,614,205	\$ 6.26	25.8	\$ 161,629	\$ 102.70	\$ 7.20	\$ 1.148	\$ 25.15	\$ 25.15
1997	25.0	\$ 169,591,251	\$ 7.56	27.5	\$ 207,587	\$ 127.25	\$ 31.35	\$ 4.162	\$ 29.10	\$ 29.10
1998	25.0	\$ 195,469,605	\$ 7.70	28.5	\$ 219,416	\$ 123.00	\$ 27.00	\$ 3.572	\$ 28.07	\$ 28.07
1999	25.0	\$ 203,246,191	\$ 8.13	30.2	\$ 245,521	\$ 135.20	\$ 35.70	\$ 4.850	\$ 29.88	\$ 29.88
2000	25.0	\$ 232,270,346	\$ 8.09	31.3	\$ 253,242	\$ 160.70	\$ 65.20	\$ 8.099	\$ 33.00	\$ 33.00
2001	25.0	\$ 197,039,342	\$ 7.88	30.6	\$ 269,168	\$ 160.00	\$ 69.00	\$ 10.785	\$ 30.75	\$ 30.75
2002	25.0	\$ 201,469,442	\$ 8.08	33.2	\$ 267,591	\$ 175.40	\$ 79.90	\$ 15.915	\$ 34.81	\$ 34.81
2003	25.0	\$ 201,482,980	\$ 8.06	33.8	\$ 272,495	\$ 205.60	\$ 135.10	\$ 13.681	\$ 35.66	\$ 35.66
2004	25.0	\$ 208,542,703	\$ 8.34	35.7	\$ 287,789	\$ 231.10	\$ 154.80	\$ 14.957	\$ 39.66	\$ 39.66
2005	25.0	\$ 210,006,913	\$ 8.40	37.6	\$ 315,996	\$ 239.40	\$ 143.00	\$ 17.123	\$ 42.12	\$ 42.12
2006	25.0		\$ 8.00	39.1		\$ 237.78	\$ 142.28	\$ 17.789	\$ 42.79	\$ 42.79
2007	25.0		\$ 8.00	40.6		\$ 250.74	\$ 155.34	\$ 19.429	\$ 43.41	\$ 43.41
2008	25.0		\$ 8.00	42.1		\$ 264.66	\$ 166.10	\$ 20.516	\$ 44.02	\$ 44.02
2009	25.0		\$ 8.00	43.6		\$ 282.17	\$ 185.07	\$ 20.835	\$ 45.03	\$ 45.03

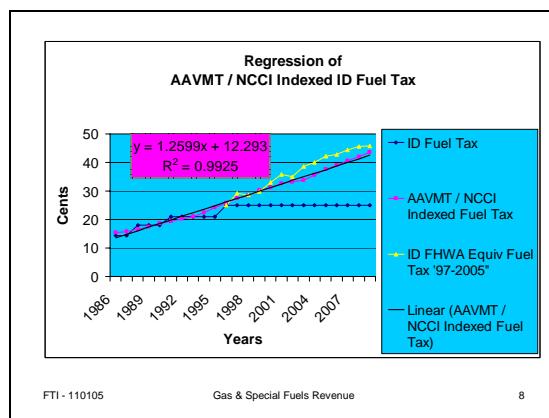
FTI - 110105 Gas & Special Fuels Revenue 6

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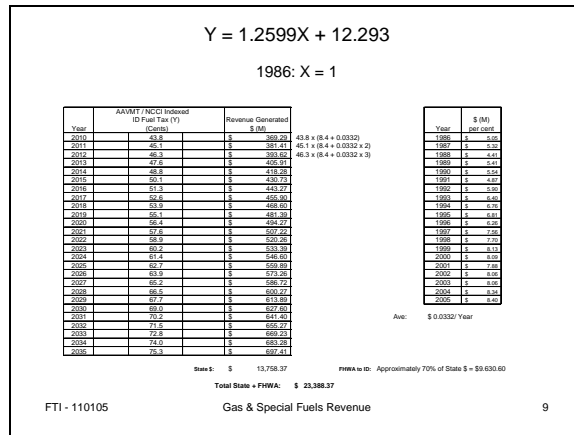
By using a higher percentage of federal funds, other parts of the Idaho transportation system have suffered. Federal funds are formulated to address specific goals (interstate system, air quality, etc.). The reduction in state funds from the 25¢ fuel tax for the last ten years has reduced revenue for local highway jurisdictions. Some jurisdictions are facing major loss of revenue.

8



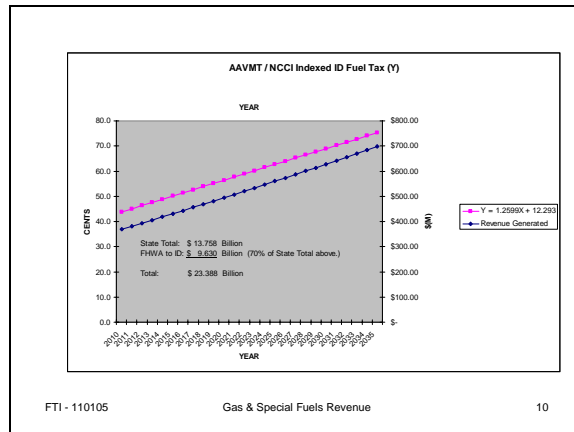
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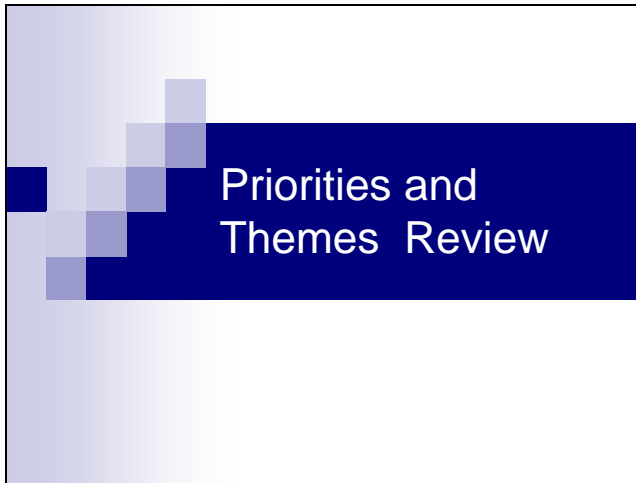
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PRIORITIES AND THEMES REVIEW

Presented at the November 1, 2005 meeting

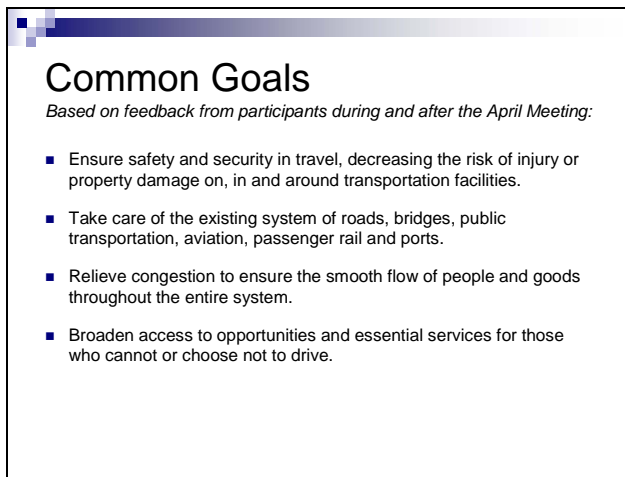
Lisë Stewart, Facilitator

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Lisë reviewed the transportation priorities the Members developed at the April meeting – Safety, Land Use Linked to Transportation System, Long-Term Planning and Growth, and Cost Benefit.

2



She suggested the following guiding principle be added to the beginning of the recommendations to capture the Forum's priorities.

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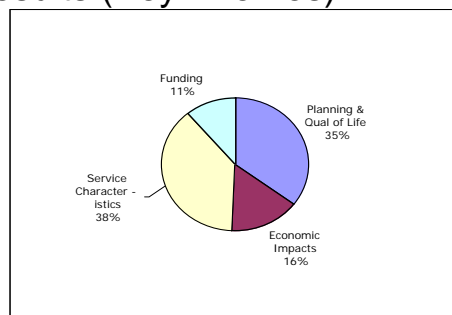
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Common Goals continued...

- Facilitate the efficient movement of goods using all modes of transportation.
- Ensure Idaho's continued economic competitiveness by providing a safe, reliable and efficient transportation system.
- Protect Idaho's environment and natural resources by making investments that are not only sensitive to the environment, but that also provide and encourage environmentally beneficial transportation choices.
- Enhance the quality-of-life in our communities through transportation

4

April 28 Break Out Session Results (Key Themes)



When considering transportation policies, methods for revenue generation, and infrastructure projects, the following priorities shall be used.

5

Priority Topics Identified

■ Planning & Quality of Life

Issue	Topics	Total Votes for Topic
Planning & Quality of Life Issues	Total for this issue:	38 of 106 possible
	Land use linked to transportation system	10
	Long-term plan/growth (coordinated plans)	7
	Quality of life	3
	Environmental impact (air quality)	3
	Environmental impact (air/water quality)	2
	Right project or solution	2
	Sustainability	2
	Address needs of all people	2
	Regional significance/community values	2
	Historical preservation	2
	Population – system use (changing demographics)	2
	Balance reality with vision	1

LAND USE LINKED TO TRANSPORTATION SYSTEM -- Protect Idaho's environment and natural resources by making investments that are not only sensitive to the environment, but also provide and encourage environmentally beneficial transportation choices.

LONG-TERM PLANNING AND GROWTH (coordinated plans) -- Enhance the quality-of-life in our communities through transportation. Relieve congestion to ensure the smooth flow of people and goods throughout the entire system. Broaden transportation opportunities and essential services for those who cannot or choose not to drive.

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6

Priority Topics Identified

■ Economic Impacts

Economic Impacts	Total for this issue:		17 of 106 possible
	Cost/Benefit		7
	Economic Growth		6
	Facilitate commerce		2
	Rural Economic development		2

COST BENEFIT – Ensure Idaho's continued economic competitiveness by providing a safe, reliable, and efficient transportation system of roads, bridges, public transportation, aviation, rail, and ports. Facilitate the efficient movement of goods using all modes of transportation.

7

Priority Topics Identified

■ Service Characteristics

Service Characteristics	Total for this issue:		41 of 106 possible
	Safety		17
	Multi-modal solution		5
	Infrastructure (roads, water, sewer, etc.)		4
	Multiple uses of same infrastructure/right of way		3
	Congestion relief		3
	Statewide system (circulation)		3
	Public transit		2
	Transportation corridors (N to S, E to W)		1
	Acceptable level of service		1
	Secondary & feeder roads for rural development		1
	Move freight to rail – efficient freight movement		1

SAFETY -- Ensure safety and security in travel by decreasing the risk of injury or property damage on, in, and around transportation facilities.

8

Priority Topics Identified

■ Funding Issues

Funding Issues	Total for this issue:		12 of 106 possible
	How to Pay—Funding		8
	Leverage federal funds (Medicaid and Public Transit)		2
	Transportation users pay for system		1
	Available resources for construction		1

The How to Pay—Funding priority was combined with the previous Economic Impacts priority and discussed as one.

9

The Top Five Priorities for Consideration

- Land use linked to transportation system
- Long-term plan/growth (coordinated plans)
- Safety
- Cost Benefit
- How to Pay - Funding

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In Summary....

- As the Board and other decision makers in Idaho consider new policies, methods for revenue generation and new projects, these goals and priorities, that the Transportation Investment Forum members have identified as being important, should be part of that consideration.

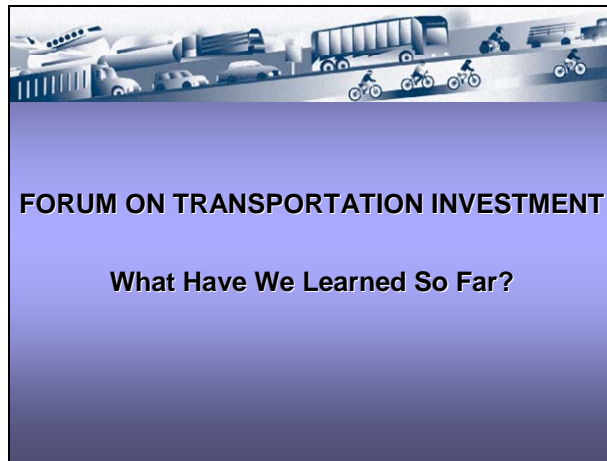
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WHAT HAVE WE LEARNED – TRANSPORTATION FINDINGS

Presented at the November 1, 2005 meeting

Tom Warne, Tom Warne & Associates

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2



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3




The Situation...

- The world population will reach 9 billion by 2050...The World Population Data Sheet estimates the global population will rise 46 percent between 2003 and 2050
- The U.S. population is expected to grow 45 percent- to 422 million
- India will overtake China as the world's most populated country
- Many industrialized countries will grow slowly or not at all...up to 135 percent growth in poor nations.

The Futures Corporation 2004

John Luthy's "The Situation Slide" and the "Idaho Population Growth" reported that population growth in Idaho is twice the national rate. Idaho's growth is predicted to be 56% from 2000 to 2030, well above the national average.

4




Idaho's Population Growth

■ 1980	948,000
■ 1990	1,012,380
■ 2000	1,299,720
■ 2010	1,502,630
■ 2020	1,767,170
■ 2030	2,026,064

56% Growth 2000-2030-
well above the national
average

The Futures Corporation 2004

5




Idaho's Population Growth

- Fourteen year expansion 1987-2001
- Population increased 2.1% a year – nearly twice the national average
- Real personal income averaged 4.3% growth- national average was 3%
- Population growth for next 15 years much slower, but predicted to be close to twice the national average

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6



The Situation...

At the current pace, the physical public infrastructure in many areas of the United States is deteriorating 8-10% faster than it can be rebuilt. This may increase as funds become tighter.

Where does Idaho stand in overall infrastructure development?

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7



Population Growth – Where and Why??

- Peace, harmony, & quality of life
- Expenses are lower – better economic value
- Good schools, conservative government
- Available and highly capable workforce
- Business operations can be more isolated
- Sense of community & community values

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8




Population Growth – Why??

- Escape from large metro areas
- Promise of a better, safer life
- Stronger, more stable economic base
- Potential for more opportunity
- Great environment, great people
- Superb recreation
- Climate

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9




High Growth/Stress Regions

- **North Idaho**- Kootenai and Bonner
- **North Central**- Latah and Nez Perce
- **Central**- Valley County
- **West Central**- Gem, Washington, and Payette
- **Treasure Valley** – Canyon and Ada
- **South Central**- Blaine, Gooding, Lincoln, Jerome, and Twin Falls
- **Eastern Idaho**- Bonneville and Bannock

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10



Some Practical Questions...

What criteria might be used for establishing project and funding priorities? Similarly, how will the State effectively make plans now that will relate to predictable surface transportation needs for the next 25 years? Think multi-modal, light rail, highway, roadway, and public transit...

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11

John Horsley
AASHTO

Meeting 1

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12

Idaho ranks as the 5th fastest growing state in the U. S.

Boise ranks as the 7th fastest growing metropolitan area.

John Horsley, Executive Director, AASHTO, reported that Boise was the 7th fastest growing city in the nation.

13

Our nation needs \$92 billion annually to maintain its highway system.

It will take over \$125 billion per year to improve this system.

Nationally, each year \$92 billion is needed to maintain the transportation system (over \$125 billion is needed to improve). The overall quality of the transportation infrastructure is declining at a rate of 8-10% per year. Other states are raising fuel tax, dedicating funds for bridges, and using various bonding methods to fund their transportation needs.

14

What's happening around the country?

- *Indiana raised its gas tax 3¢*
- *Ohio raised theirs 6¢*
- *Washington 5¢ plus 9.5¢*

- *The average gas tax nationally is 25.3¢*
- *Idaho's is 25¢*

15

What's happening around the country?

- *Oregon just launched a \$2.9 billion program, with \$1.7 billion going to bridges*
- *Arkansas has its 15 in 5 program using GARVEE bonds*
- *South Carolina has their 27/7 program*

16

Three trends that are going to effect us into the future:

1. *Job outsourcing is real and is a threat to our core economy.*
2. *The trend is to a high-tech information services economy that requires skilled employees.*
3. *A trend is hybrid vehicles/alternative fuels and the timing of how this issue will affect transportation and erode fuel tax revenue.*

17

Steve Moreno
FHWA

Meeting 2

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18

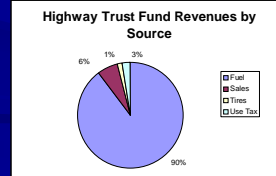
Highway Use Taxes Supporting HTF

- Four main highway use taxes support the Highway Trust Fund

- Fuel tax
- 12% sales tax on trucks and trailers
- Tire tax
- Heavy vehicle use tax

- Fuel taxes account for about 90% of total HTF revenues

2001 HTF Revenues (\$ millions)	
Fuel	28,854
Sales	1,748
Tire	361
HVUT	713
Total	31,677

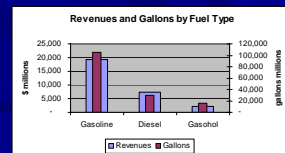
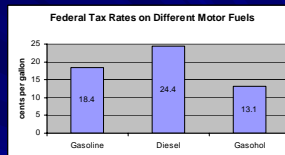


Steve Moreno, Federal Highway Administration, discussed the future of the Highway Trust Fund — 90% comes from fuel tax.

19

Federal Fuel Taxes

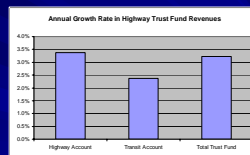
- Diesel fuel is taxed at a higher rate than gasoline, gasohol at a lower rate
- Diesel represents 25% of revenues and 20% of gallons
- Gasohol represents 7% of revenues and 10% of gallons



20

Factors Affecting Future Highway Trust Fund Revenues

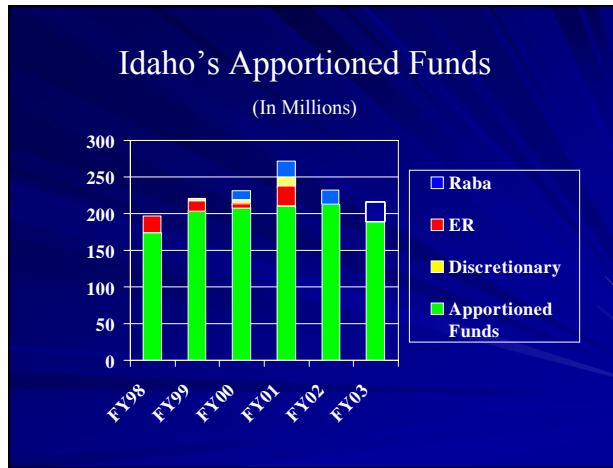
- Highway Trust Fund revenues between 2002 and 2010 are projected to grow by 3.2% a year.
- Long term HTF revenues influenced by fuel prices, economy, and demographics.
- Short term HTF revenues influenced by fuel prices and economy.
- Non-fuel taxes that go exclusively to Highway Account growing faster than fuel taxes causing Highway Account to grow faster than Transit Account.



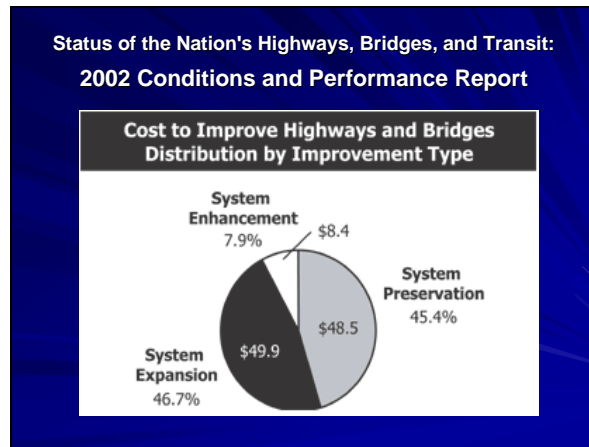
The nation's transportation infrastructure is deteriorating. Currently, federal funding is 22% of the total transportation expenditure, but federal funds are shrinking. Transit funding will become very competitive as federal funds dwindle.

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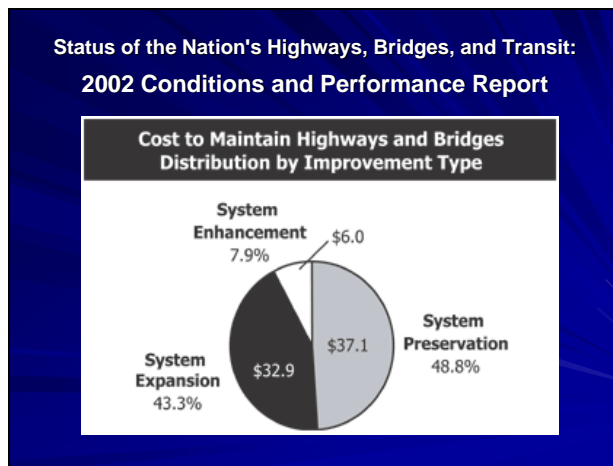
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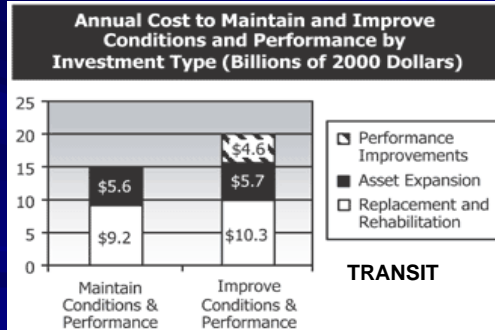
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24

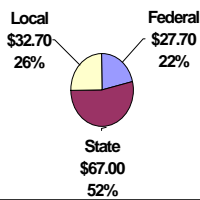
Status of the Nation's Highways, Bridges, and Transit: 2002 Conditions and Performance Report



25

Status of the Nation's Highways, Bridges, and Transit: 2002 Conditions and Performance Report

Expenditures in Year 2000 in Billions of Dollars



26

Byron Keely
LHTAC

Meeting 2

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27

Local Highway Jurisdiction Total	1990	2003
Total Mileage	29,228	33,250
Federal-Aid Eligible Mileage	4,011	5,336
LHJ Bridges-	2,293	

Byron Keely, Local Highways Technical Assistance Council, reported that local highway mileage is 33,250, with only 5,336 miles eligible for federal-aid.

28

Local Highway Jurisdiction

Total Funding-\$354,226,465

Source

User Revenues-\$114,335,751

Non-User Revenues-\$131,890,715

Local Highway funding is \$354,226,465. The lane miles, bridges, etc., continue to increase and the funding burden for local jurisdictions is growing astronomically.

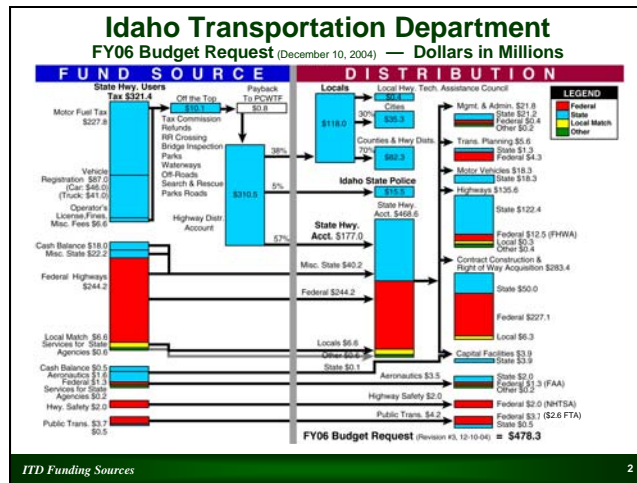
29

Pam Lowe
Department of Motor Vehicles

Meeting 2

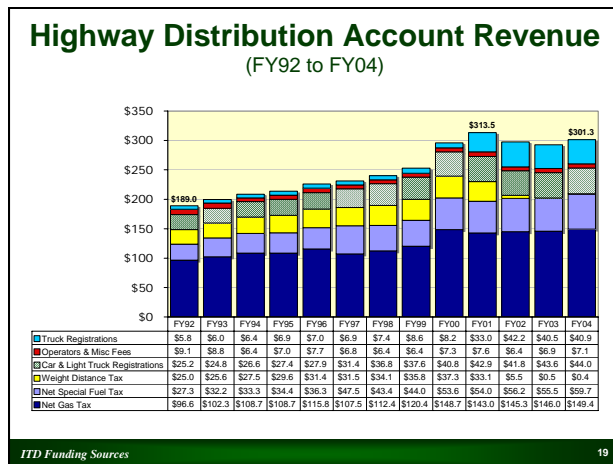
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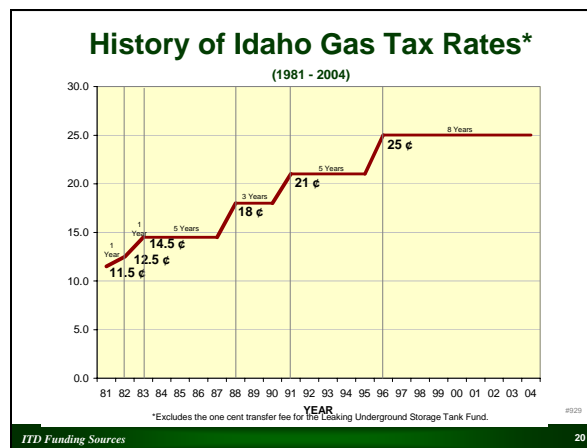


Pam Lowe, Idaho Transportation Department, talked about the way funds are distributed to the transportation budget and how it gets distributed to the local governments, state police and Idaho Transportation Department. She also addressed how the demand (vehicle miles traveled) is outpacing the generated revenue (fuel usage and fuel tax revenue).

31

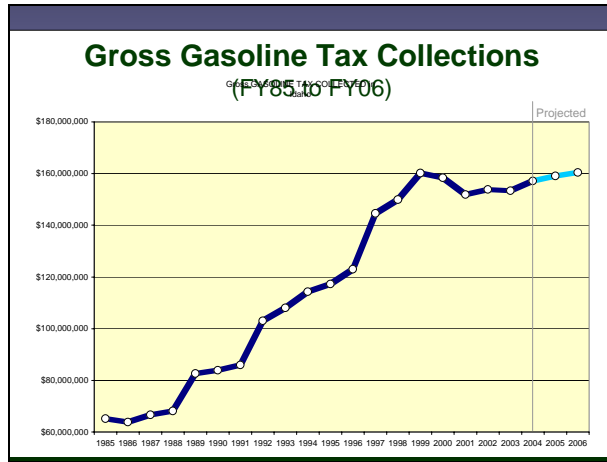


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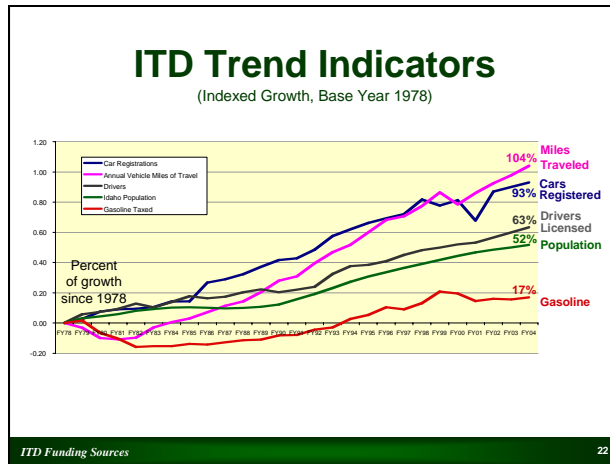


Forum on Transportation Investment

33



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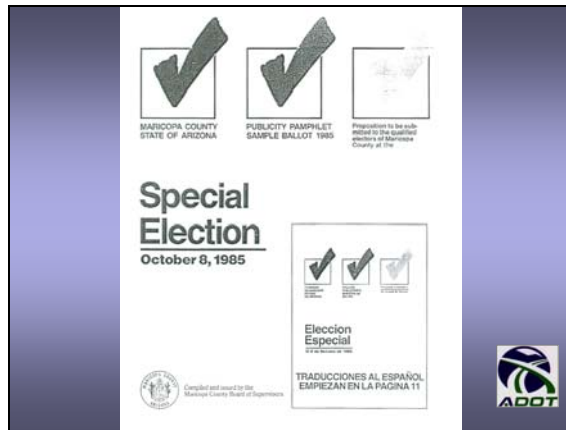
35

Bill Hayden
Arizona Department of Transportation

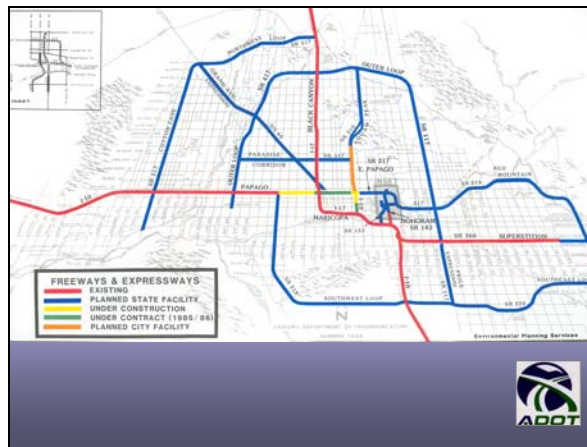
Meeting 2

Forum on Transportation Investment

36



37



38

Funding Resources

- Excise Tax – ½ Cent Sales Tax – Regional Area Road Fund (RARF)
- Highway User Road Fund (HURF) – 12.6% of the State Highway Fund for Controlled Access Highway Construction in Maricopa County
- State Transportation Board Policy – 2.6% of HURF Monies are Allocated for Controlled Access Highways in Maricopa County




Bill Hayden, Arizona Department of Transportation, reviewed how the Phoenix area in 1985 approved funding initiatives to upgrade the transportation infrastructure by generating \$6.5 billion for needed projects. Recently, similar funding initiatives were approved for more transportation projects

Forum on Transportation Investment

39

Revenues

- RARF will Generate \$3.8 Billion
- HURF will Generate an Additional \$1.2 Billion
- Federal-Aid Funds and Others Have Added \$1.5 Billion
- Total Revenues : \$6.5 Billion



40

***Dwight Bower
HW Lochner***

Meeting 3

41

IDAHO'S
PROJECTED
SURFACE TRANSPORTATION
CAPITAL IMPROVEMENT NEEDS
(2005 TO 2035)

Dwight Bower, Sr. VP
H W LOCHNER
Consulting Engineers & Planners

Dwight Bower, H. W. Lochner, covered
Idaho's Projected Surface Transportation

Forum on Transportation Investment

Statewide Totals

Capital Improvement Needs	Interstate	State Highway	Local Roads	MPO	City	County	Highway District	Public Transit	District Total (2005 \$)
Northwest District 1	1,354,700,000	2,865,900,000	1,959,900,000					442,500,000	6,623,000,000
North Central District 2	No Interstate	750,350,000	899,676,726					84,880,000	1,334,906,726
Southwest District 3	1,532,875,000	1,966,191,265	2,211,324,532					500,000,000	5,549,390,797
South Central District 4	336,000,000	1,012,000,000	946,000,000					15,000,000	2,309,000,000
South East District 5	1,303,000,000	700,500,000	576,000,000					15,000,000	2,495,000,000
Eastern District 6	76,000,000	1,332,840,000	87,000,000					10,000,000	1,505,840,000
Statewide Total	4,502,575,000	7,967,781,265	6,280,701,258					1,067,380,000	19,818,437,523 ²
		State System Total \$12,470,356,265							

¹ Nez Perce County in District 2 did not report.
² Projected Total based on 2005 dollars.

HW Lochner

Statewide Summary

30-YEAR CAPITAL IMPROVEMENT NEEDS

CAPITAL IMPROVEMENTS	TOTAL COST (2005 \$)
Interstate	\$4,502,575,000
State Highway	\$7,967,781,265
Local Roads	\$6,280,701,258
MPO	\$409,600,000
City	\$1,393,329,232
County	\$2,507,015,410
Highway District	\$1,970,756,616
Public Transit	\$1,067,380,000
Statewide 30-Year Capital Improvement Total	\$19,818,437,523

HW Lochner

Idaho's Projected Capital Improvement Needs

**\$20 BILLION
IN THE NEXT 30 YEARS**

HW Lochner

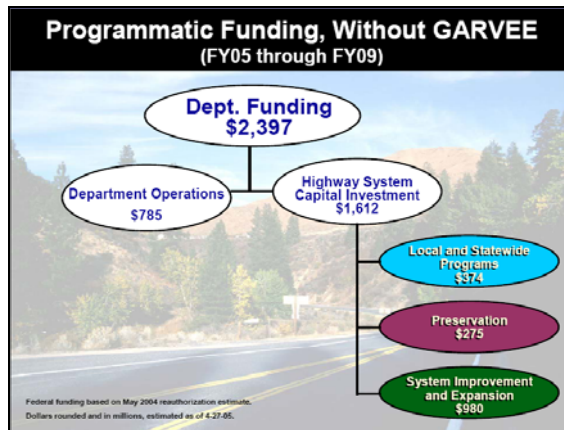
Capital Improvement Needs (2005-2035) that estimate a need of \$20 billion in the next 30 years. The estimates were calculated in 2005 dollars. The report revealed that the state system, including interstates and state highways projected over \$12 billion in needs, local jurisdictions projected needs of over \$6 billion and public transit with over \$1 billion.

Forum on Transportation Investment

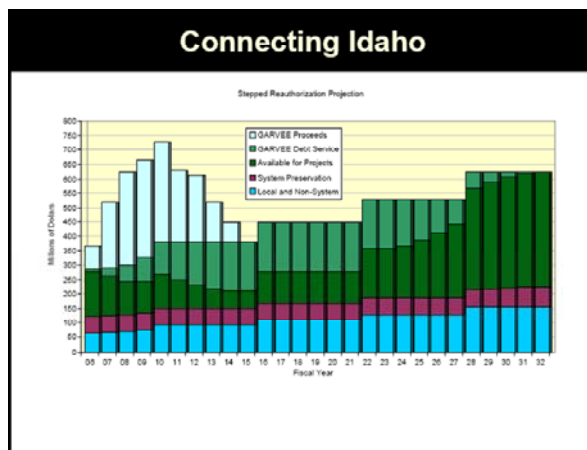
45

Dave Ekern **Idaho Transportation Department** **Meeting 3**

46



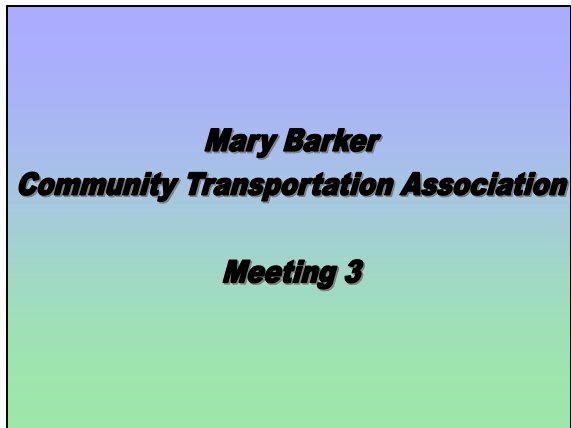
47



Dave Ekern, Idaho Transportation Director, reviewed the recently passed GARVEE legislation and the proposed bonding that will be used for improvement projects.

Forum on Transportation Investment

48

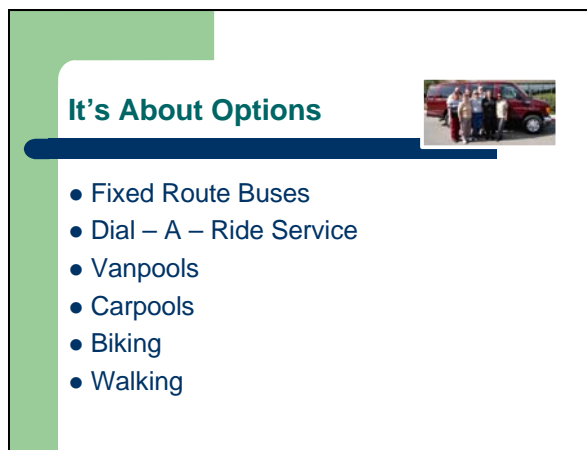


49



Mary Barker, Director for the Community Transportation Association of Idaho, covered the benefits of public transit to Idaho citizens and shared the dilemma public transportation providers have because of no dedicated statewide funding for transit. She indicated that some local entities have problems providing local matching funds for existing federal transit funds, although recent federal changes allow the local match rate to drop from 80/20 to 50/50. Funding remains the key for public transportation in Idaho.

50



Forum on Transportation Investment

51

It Benefits Everyone



- Decreases need for road repair
- Decreases need for new roads
- Decreases traffic congestion
- Decreases air pollution
- Increases mobility for everyone
- Meets needs of those who can't drive

52

Faster Than The Nation



	Idaho	USA
Population, percent change 2000 to 2003	5.60%	3.30%
Population, percent change 1990 to 2000	28.50%	13.10%

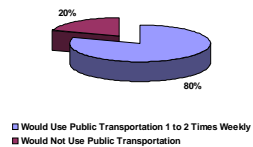
US Census Bureau

53

Support On The Rise

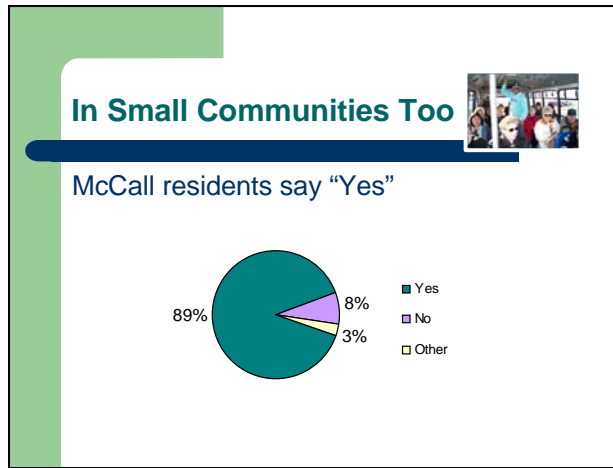


Ada/Canyon County residents will ride

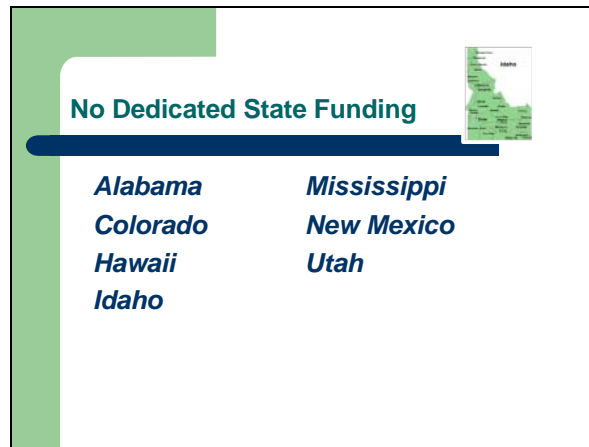


Forum on Transportation Investment

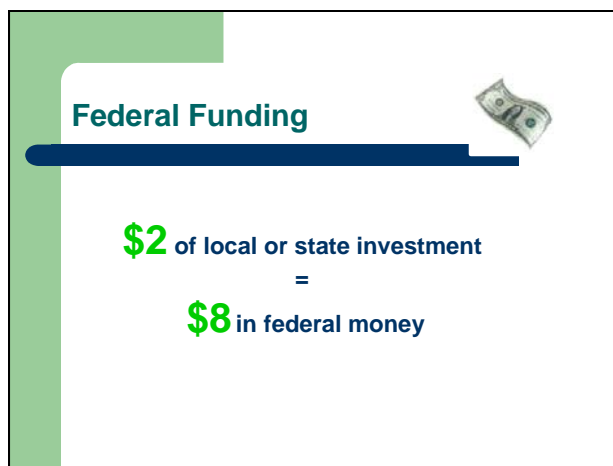
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She indicated that some local entities have problems providing local matching funds for existing federal transit funds, although recent federal changes allow the local match rate to drop from 80/20 to 50/50.

Forum on Transportation Investment

57

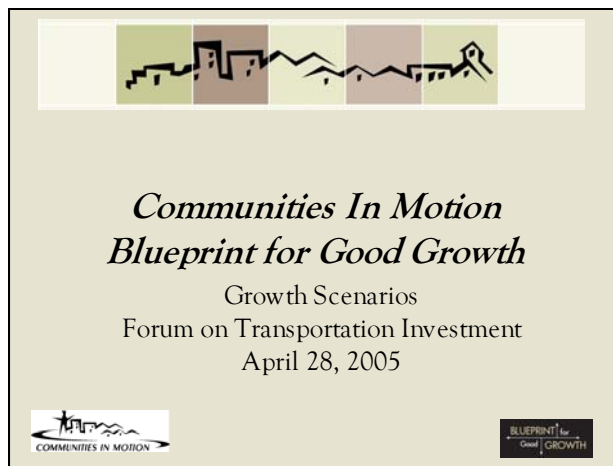


Funding remains the key for public transportation in Idaho.

58




59



Forum on Transportation Investment

60



Communities In Motion

Communities in Motion is a six-county, 25-year plan that will address issues on the major transportation system, evaluate the needs for future corridors serving regional needs and address the effects of growth on transportation needs. The counties involved are Ada, Boise, Canyon, Elmore, Gem and Payette.

2

Matt Stoll, Director of COMPASS, discussed the *Communities in Motion*, a 25-year 6-county transportation and growth plan. Land use, transportation, and numerous other issues are being reviewed by this group.

61




Blueprint For Good Growth

Blueprint for Good Growth will coordinate comprehensive plans and land use ordinances within Ada County, and propose local strategies to achieve shared growth goals.



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62



Two Scenarios


The COMPASS Board narrowed the six scenarios to two scenarios:

- Mixed-Use Corridors 
- Blended (Satellite Cities) 

But will retain Trend for a baseline

17

63




Attributes of Both Scenarios:

Promote quality of development patterns by having:

- Less land consumption than trend
- Greatest potential for preservation of open space

21

64




Attributes of Both Scenarios:

Provide greater housing choices, including:

- Single-family homes
- Condominiums
- Affordable housing opportunities
- Small-lot homes
- Duplexes, town homes and apartments

22

65



Attributes of Both Scenarios:

Promote quality & pattern of transportation patterns through :

- Less congestion/travel delay
- Shorter trips to and from work, shopping, entertainment and parks
- More opportunities for transit
- More opportunities for walking and cycling
- Better coordination between land use and the transportation system

23

Forum on Transportation Investment

66

Scenario Comparisons	
Mixed-Use Corridors	Blended
Less consumption of new land	Greater consumption of new land
Regional housing split of 50% single family homes, 50% multi-family homes	Regional housing mix of 65 % single-family homes and 35 % multi-family homes

67

Single Family Housing
52 dwelling units
2,000 – 4,000 s.f.
Typical lot size: 40' x 80' = 3,200 s.f.
Net Density (streets and alleys not included): 10 du/ac
Gross Density (includes open space): 6.8 du/ac



Single Family - Civitas

CIVITAS

68

Rick Krochalis
Federal Transit Administration

Meeting 3

Forum on Transportation Investment

69

Vision of Public Transportation



Rick Krochalis
Regional Administrator
FTA Region 10
Idaho Forum on Transportation
Investment

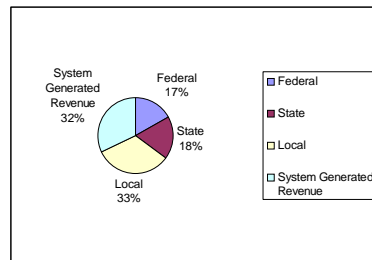
April 28, 2005

Rick Krochalis, Region 10 Administrator, Federal Transit Administration, presented that most states allocate 18% of the total funding spent in that state for transit. Currently Idaho has no statewide funding for public transportation.

70

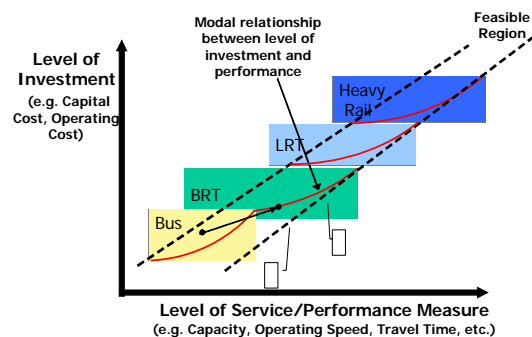
US Transit Revenue Sources

US DOT 2002 Conditions & Performance Report



71

Illustrative Cost-Benefit Comparison of Transit Modes

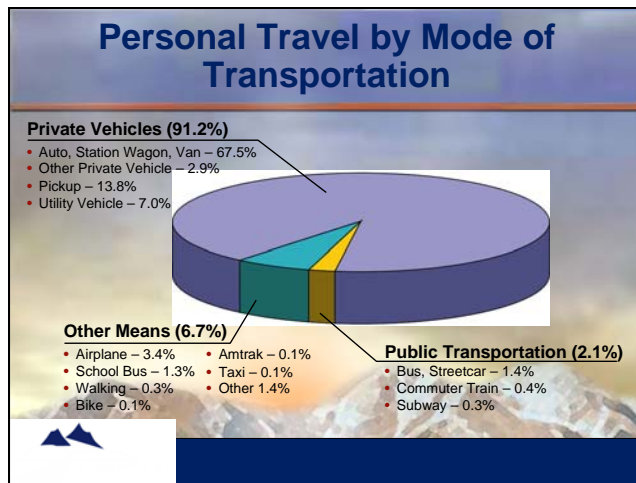


Forum on Transportation Investment

72

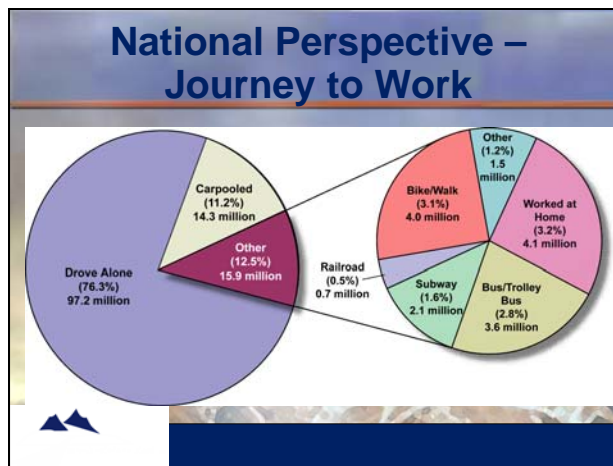


73



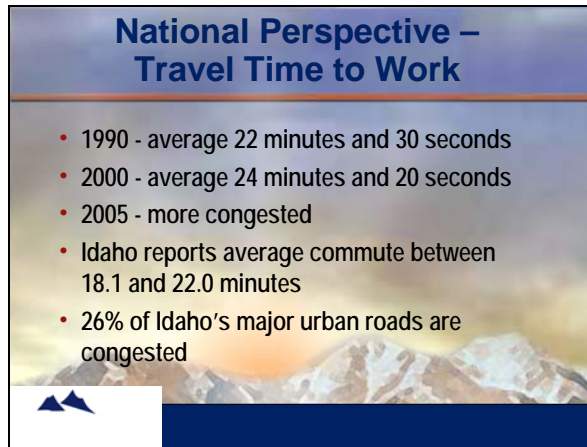
Scott Ellsworth, CH2MHill, on behalf of the Idaho Highway Users, reviewed that the personal vehicle is the preferred mode of travel, congestion rates are increasing (26% of Idaho's major urban roads are congested), and roadway conditions (25% in poor condition) and bridges (18% are structurally deficient or functionally obsolete) have needs that should be addressed. Traffic on rural interstate increased 36%; trucks with 5 or more axles = 18% average daily traffic.

74

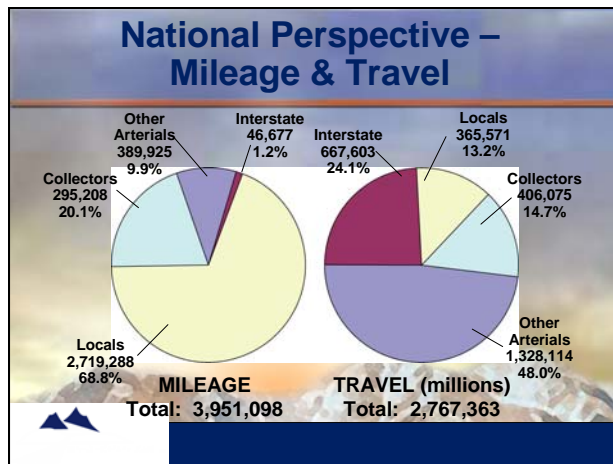


Forum on Transportation Investment

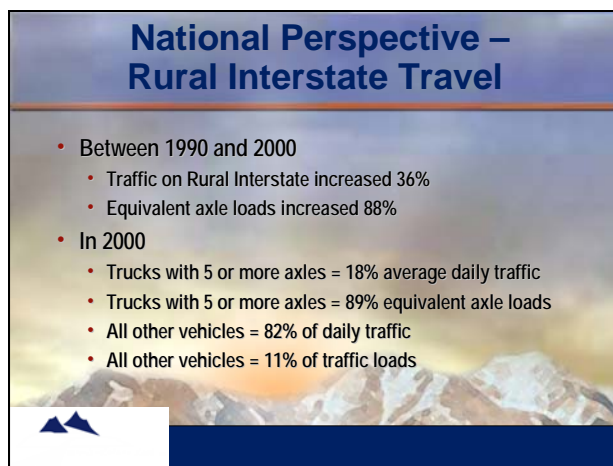
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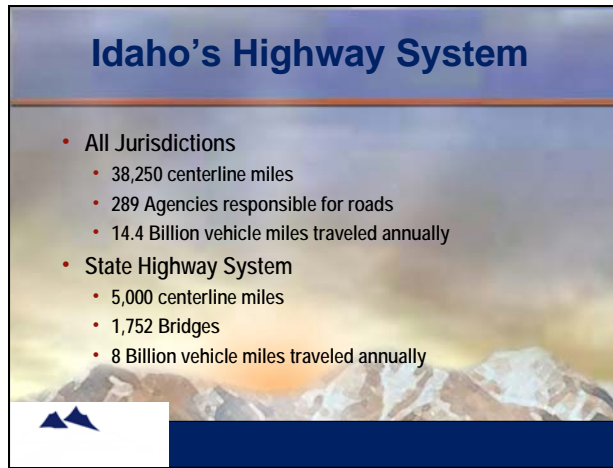


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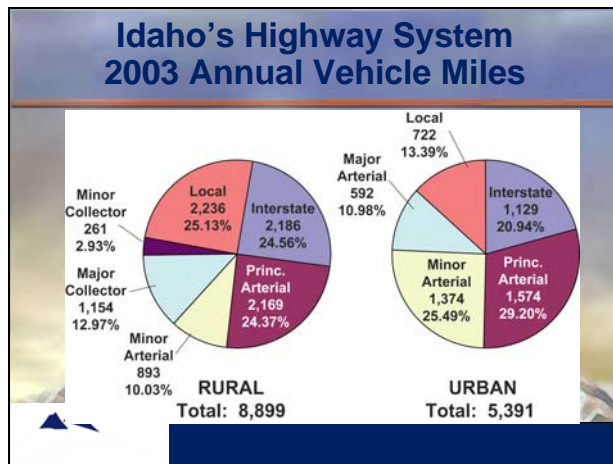


Forum on Transportation Investment

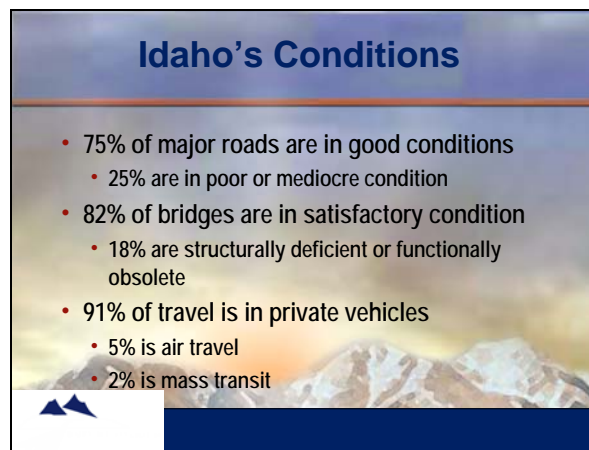
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79



80



Forum on Transportation Investment

81

Dwight Bower HW Lochner Meeting 4

82

Current Revenue (\$'s Available) compared to Future \$'s Needed?

"WHAT'S THE DELTA?"

*Based on current revenue (state & local) &
the H. W. Lochner Needs Report thru 2035*

8/28/05

H.W. Lochner

1

83

	Idaho Transportation Department	Local Highway Jurisdictions	Public Transportation
30 yr Capital Improvement Needs	\$12.5 billion	\$6.3 billion	\$1.07 billion
Available Funding	\$283.4 M x 30 yrs = \$8.5 billion	\$150.7 M x 30 yrs = \$3.2 billion	\$8.06 M x 30 yrs = \$241.8 million
30 year Shortfall	\$4.0 billion	\$3.1 billion	\$838 million

8/28/05

H.W. Lochner

5

Dwight Bower reported that the 30-year capital improvement needs compared to the expected revenue would have a funding shortfall estimated to be \$264.5 million per year.

Forum on Transportation Investment

84

Yearly Funding Shortfall

\$264.5 million*

Additional funding needed
To meet projected
Capital Improvements

*A shortfall of \$7.938 billion over the next 30 years
\$7.938 billion / 30 years = \$264.5 million per year
(without inflation).

6/28/05 H.W. Lochner 6

85

Gary Maring
Cambridge Systematics, Inc

Meeting 4

86

**Future of Highway and Public
Transportation Finance**

Study for U.S. Chamber of Commerce/National Chamber Foundation

presented by
Gary Maring
Cambridge Systematics, Inc.

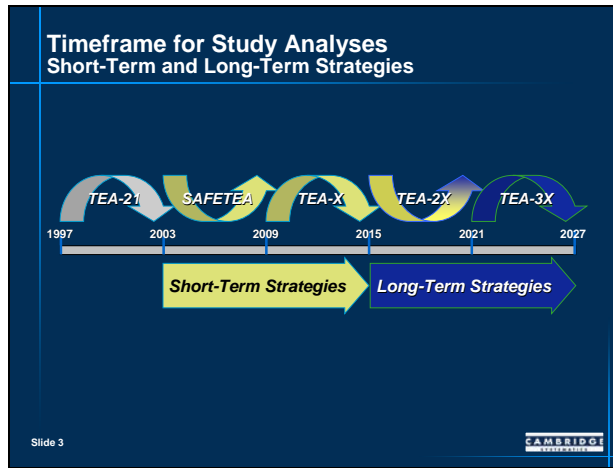
June 28, 2005
Idaho Forum on Transportation Investment

Transportation leadership you can trust.

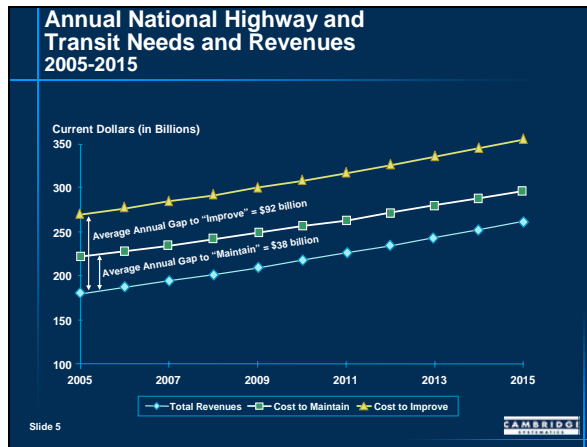
CAMBRIDGE
SYSTEMATICS

Forum on Transportation Investment

87

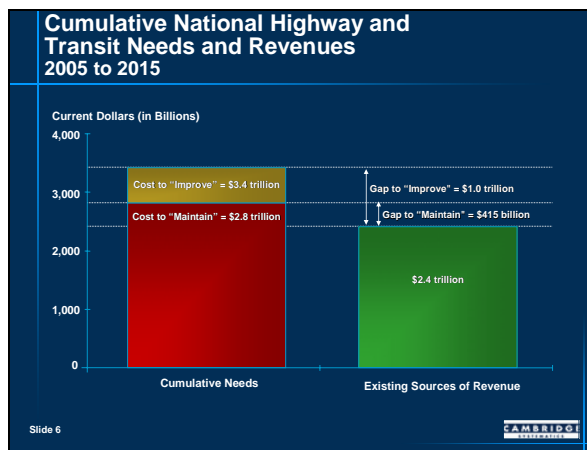


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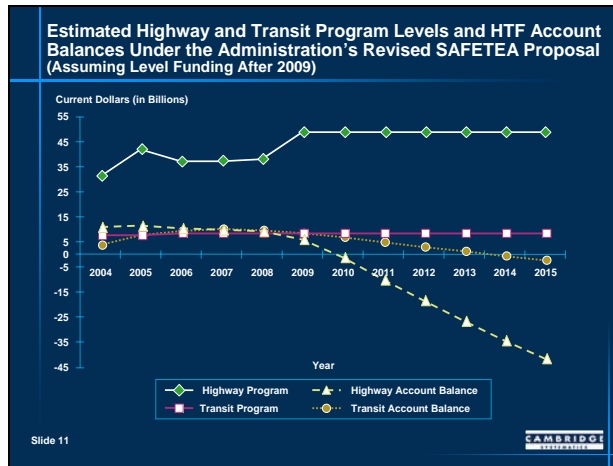
Gary Maring, Cambridge Systematics, reported about that there is a gap between the national revenue stream coming in and the projected roadway need to maintain (\$38 billion) and/or improve (\$92 billion).

89



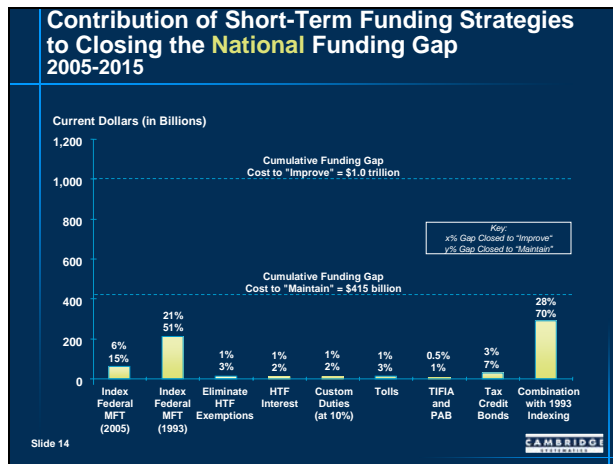
Forum on Transportation Investment

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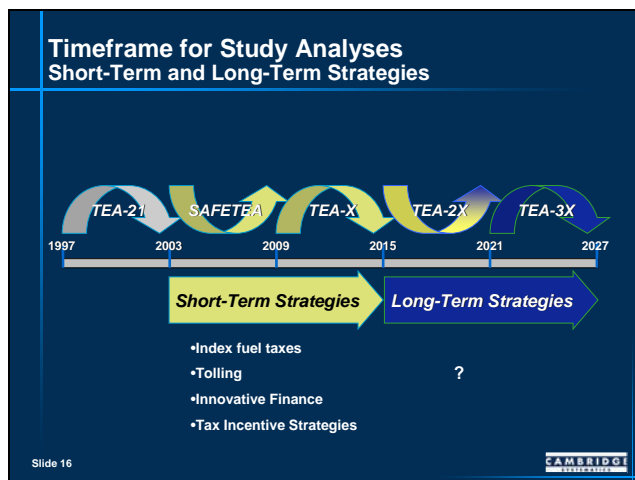


The Highway Trust Fund (HTF) is experiencing a serious funding decrease. He predicted that HTF will be in a deficit situation by 2010.

91



92



Several short-term funding strategies (indexing fuel tax, tolling, etc.) have been proposed and could help to significantly narrow the revenue gap, but new funding strategies will be needed to sustain the nation's highway and transit systems long term.

Forum on Transportation Investment

93

Summary

- Current transportation revenues at all levels of government are not sufficient to maintain or improve the nation's highway and transit systems
- The Highway Trust Fund could be in deficit starting as early as 2010
- Short-term funding mechanisms, particularly indexing motor fuel taxes, could help to significantly narrow the revenue gap
- However, none of the short-term strategies will sustain the nation's highway and transit systems long term. New strategies will be needed. These will be addressed in Phase II of the National Chamber Foundation's study

Slide 18

CAMBRIDGE STRATEGIES

94

Ed Mc Kechnie
WATCO

Meeting 4


95

Railroad 101

North American Railroads

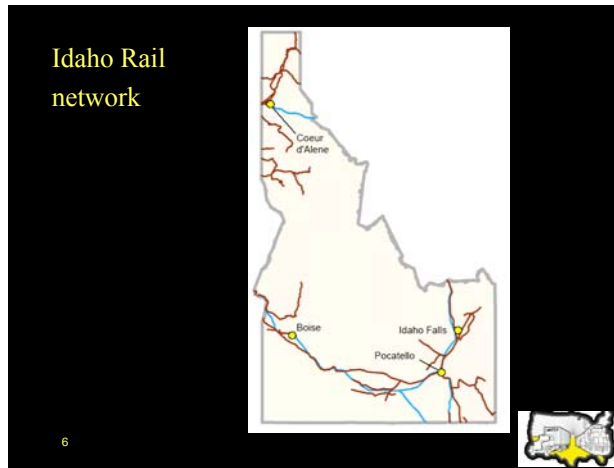
- Class I (Mainline)
 - UP, BNSF, NS, CSX, CP, CN, and KCS
 - Greater than \$250 million in revenue
- Class II (Regional)
 - Railroads like Montana Railink
 - Greater than \$25 million and less than \$250 million in annual revenue
- Class III Railroads (Shortlines)
 - Eastern Idaho, Idaho Northern Pacific
 - Less than \$25 million in annual revenue

2



Forum on Transportation Investment

96



97

Public Policy Discussion

- Rail needs can be funded quite inexpensively compared to highways
 - Specific needs
 - Rail siding for Customer expansion
 - A siding can cost \$200,000 plus
 - Car supply
 - Refrigerated cars, grain hoppers needed to support seasonal ag products
 - MOW support through ties and ballast
 - Last resort to keep some lines open

17

Ed McKechnie, Vice President of Operations and Strategic Planning for WATCO Companies, reported on specific needs (rail siding expansion, car supply for seasonal products, and infrastructure improvement) and recommended limited funding to assist with these needs.

98

Public Policy Discussion

- Idaho has done background work
 - Rail study done 4 years ago
 - Rail plan scheduled to be updated
 - Enabling legislation passed
 - Idaho Rail Preservation Act
 - Intermodal Commerce Authorities
- What is needed is:
 - Limited funding
 - Analysis of work

18


Forum on Transportation Investment

99

Public Policy Discussion

- Idaho Forum on Transportation Investment should recommend:
 - State invest \$2 million a year for three years
 - ITD directed to invest in capacity
 - Sidings
 - Branch line preservation
 - Railcars
 - Annual analysis of work
 - If favorable, continued investment past initial three years

19



100

Revenue Options

Meeting 4

101

REVENUE OPTIONS

<ul style="list-style-type: none">• Increase Fuel Tax• Increase Vehicle Registration Fees• Increase Title Fees• Impact Fees• Local Option Sales Tax• Local Option Fuel Tax• Value based Vehicle Registration Fees• Index Fuel Tax• Index all Fees• Toll roads and bridges• Fees for Developments of Regional Impact• Dyed Diesel and Potential Tax Evasion• Dedicated Sales Tax on Car Rentals• Vehicle Miles Traveled (VMT)	<ul style="list-style-type: none">• Advertising at bus stops/ on busses• Dedicated Sales Tax on Transportation Related Sales• Add Dedicated Sales Tax to Fuel and Transportation Services• Employer Tax• Railroad Car Tax• Eliminate Ethanol Exemption• Federal reimbursement for fuel tax loss to Native American Reservations• Congestion Pricing• Central area charges (used in Europe)• Parking Charges• Lease Space in Rest Areas to Restaurants (Europe)• Allow Advertising on state facilities – "Taco Bell Bridge"
---	---

Tom noted that various Revenue Options, Innovative Financing Options, and Other Financing Options were discussed at the 4th meeting. The options were reviewed by which ones would generate net-new revenue, and other criteria such as to feasibility and effectiveness and the revenue options will be further considered at this meeting today.

102

INNOVATIVE FINANCING OPTIONS

- Bonding
- Shift funding of Idaho State Police to the state general fund
- Tax Increment Financing (TIF)
- Public Private Partnerships
- Grant opportunities for technology, beautification, etc. thru HUD, NEA, others
- Increase Minimum Guarantee for Public Land States
- Consider Funding From the Petroleum Clean Water Trust Fund

103

OTHER FINANCING OPTIONS

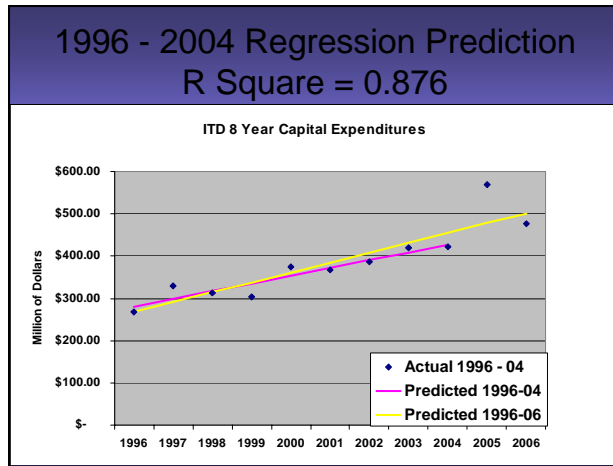
- Tapered
- State Infrastructure Banks (SIBs)
- Section 129
- Transportation Infrastructure Finance and Innovation Act (TIFIA)
- Railroad Rehabilitation and Improvement Financing Program (RRIF)
- Sale of Records, Maps, Documents
- Investment
- Use-Based Fees
- Property Tax
- Local Highway Investment Pool
- Diesel Fuel Tax on Railroads
- Forest Service Payments to Counties
- ITD Board to select Forest Land projects instead of Feds

104

BASED ON 2003 DATA				
Revenue Category	Type	Increased By	Revenue To	Annual Increase
Fuel Tax	Gasoline Special Fuels Gasohol	1¢ per gallon 1¢ per gallon 2.5¢ per gallon tax break repaid	Highway Distribution Account (HDA) HDA	\$5.7 million \$2.3 million \$2.5 million
Vehicle Registration Increase	Passenger Cars (aged based), Commercial/Non Commercial Trucks	10% increased registration	HDA	\$9.1 million
Value-Based Vehicle Registration	Registration fee based on assessed value	1% of assessed vehicle value	HDA	\$120 million
Increase Driver's License Fee	Driver's License	\$1.00 increase	HDA	\$300,000
Increase Title Fee	Vehicle titles	\$1.00 increase	State Highway Act & County Assessors	\$800,000
Index Fuel Tax	Gasoline/Special Fuel	1% tax increase on 25¢ per gallon	HDA	\$1.4 million
Index Vehicle Registration	Passenger Cars, Commercial/Non Commercial Truck	12.9% CPI-U (from 1996-2000)	HDA	\$11.1 million
Sales Tax on Fuel	Gasoline Special Fuels Gasohol	5% sales tax on fuel @ \$1.35 per gallon	HDA	\$62.7 million
Dedicated Sales Tax	Sales Tax on transportation- related products (cars, tires)	5% sales tax on products (CY2000)	Transfer from General Fund to HDA	\$137.5 million 1% = \$27.5 million

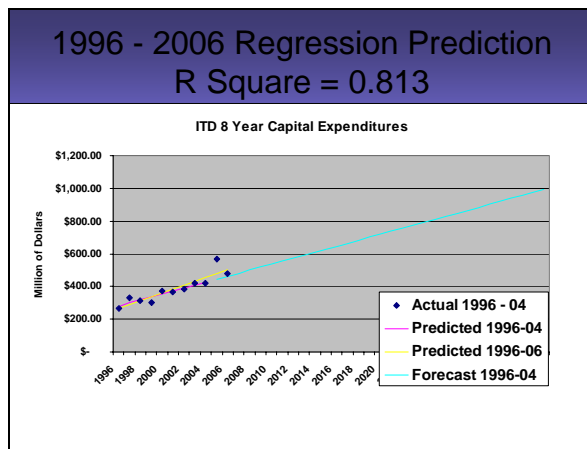
Forum on Transportation Investment

105



Jim Kempton, Forum Chairman, presented a regression analysis to estimate future capital expenditures. His estimate was above the previous 30-year estimate (\$22 billion). The important finding is that no matter what method is used to estimate future needs, the estimate is more than what revenue is being generated.

106



107

Tom Warne
Tom Warne & Associates

Meeting 5

Forum on Transportation Investment

108

Hudson 2010 and Beyond

Policy #1 – Transportation Finance Recommendation

Transportation investments must be funded from a comprehensive set of revenue sources that are sustainable and reflective of consumer choice.

Tom referenced the Hudson Report policies that dealt with 1) Transportation Finance, 2) Mobility Management, 3) Technology Placement and 4) Freight Systems. The future will be a global economy and transportation will be the backbone.

109

Hudson 2010 and Beyond

Policy #2 – Mobility Management Recommendation

The United States must establish a transportation system where all modes operate as one in a Mobility Management environment.

110

Hudson 2010 and Beyond

Policy #3 – Technology Deployment Recommendation

The United States must advance the rapid deployment of technology in all aspects of its transportation system to achieve optimal safety, security, and operational benefits into the future.

Forum on Transportation Investment

Hudson 2010 and Beyond

Policy #4 – Freight System Recommendation

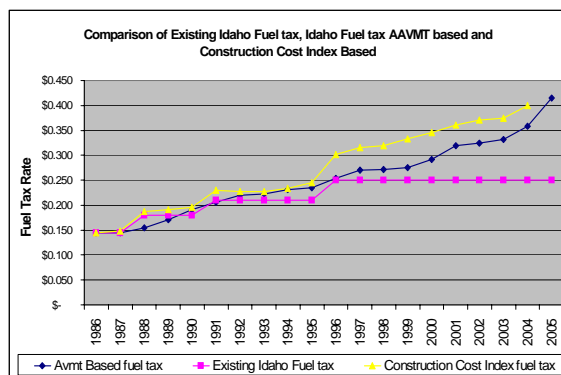
Establish freight transportation systems, including highway, rail, ports, river, and air as critical interrelated components contributing to our nation's role in the global economy.

111

Construction Cost Index Comparison

Meeting 5

112



113

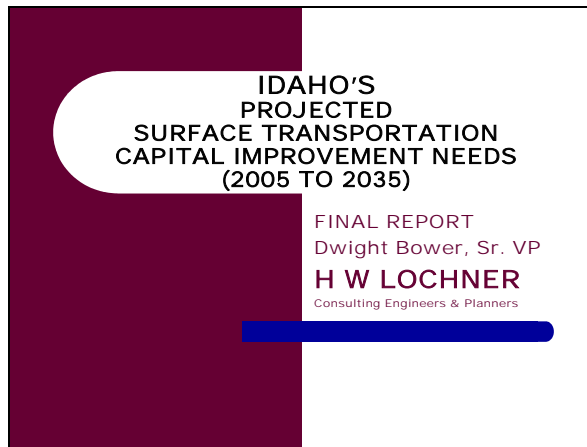
Various index protocols (Motor Vehicle Registration, Average Vehicle Miles Traveled, and National Construction Cost Index) were discussed and used to compare Idaho's current fuel tax rate (25¢). Indexed fuel tax rates were all above the current fuel tax rate, with a high trend of 33¢ and a low trend of 30¢.

Forum on Transportation Investment

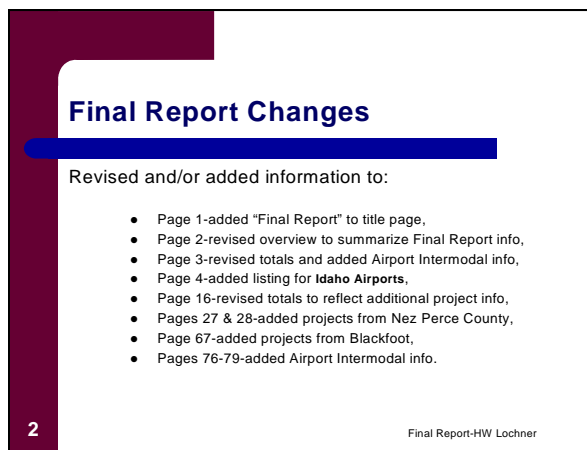
114



115



116



Forum on Transportation Investment

117

Nez Perce County Projected Needs (2006-2024)

- Added page 27 & 28 project list totaling \$62,307,000.
- Revised total for North Central Counties -- \$133,967,000.
- Revised total for all Local Roads in North Central Idaho - \$561,983,726.
- Revised Total for all highways in North Central Idaho -- \$1,397, 213,726.

3

Final Report-HW Lochner

118

North Central Idaho Additional Information



Counties
• Latah,
• Lewis,
• Clearwater,
• Nez Perce,
• Idaho.

Major Cities
• Lewiston,
• Moscow,
• Orofino,
• Grangeville,
• Kootenai,
• Kamiah,
• Riggins.

30-Year Surface Transportation Capital Improvement Needs

• Interstate	No Interstate	
• State Highway	\$750,350,000	
• Local Roads	\$561,983,726	
Metropolitan Planning Organization		\$254,000,000
Cities		\$178,097,110
Counties		\$133,967,000
Highway Districts		\$ 2,919,616
• Public Transit	\$ 84,880,000	
\$1,397,213,726 Total		

4

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119

Additional information from Blackfoot

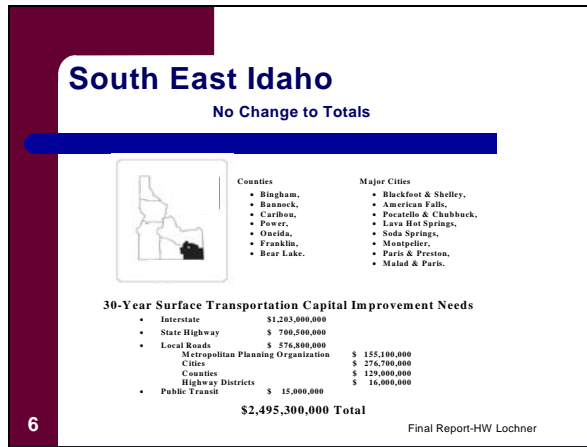
- Added 5 projects that were submitted without estimated prices (see page 67 – Cost Estimate -- N/A).
- No change to totals for South East Idaho.

5

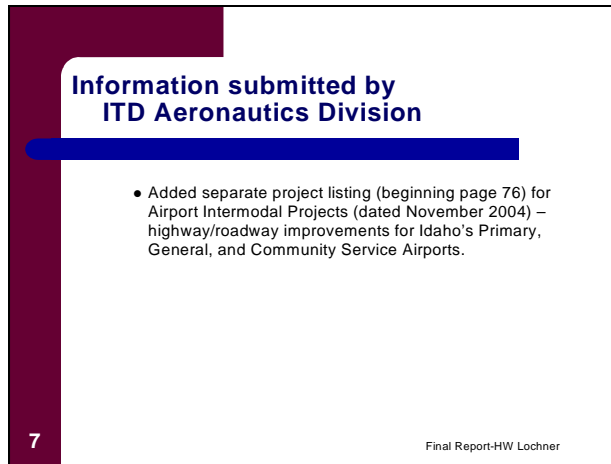
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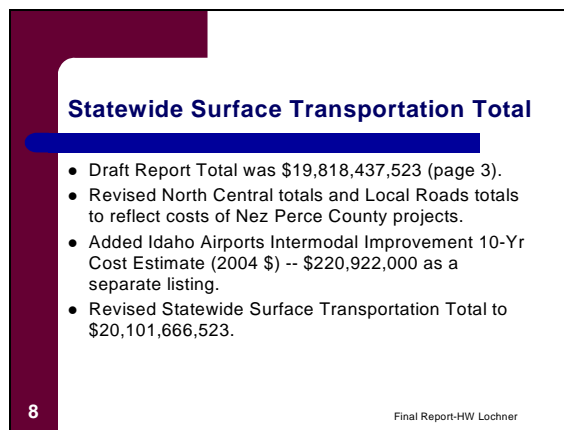
120



121



122



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123

Idaho's Surface Transportation Capital Improvement Needs (2005-2035)

Capital Improvement	Interstate	State Highway	Local Roads	APV	CTD	County	Highway District	Public Transit	District Total (2005 \$)
North	1,354,700,000	2,865,900,000	1,559,900,000					442,500,000	6,223,000,000
North District 1					146,100,000	1,363,000,000	111,000,000		
North Central District 2	No Interstate	759,350,000	561,983,726					84,800,000	1,397,233,726
South West District 3	1,552,875,000	1,386,191,265	2,211,324,532					500,000,000	5,549,390,797
South Central District 4	356,000,000	1,012,000,000	546,000,000					15,000,000	2,309,000,000
South East District 5	1,203,000,000	709,500,000	576,500,000					15,000,000	2,495,300,000
Eastern District 6	76,000,000	1,332,840,000	87,000,000					10,000,000	1,505,840,000
District Total	4,062,575,000	7,867,791,265	6,243,009,321					1,007,500,000	19,180,744,523*
Statewide Surface Transportation Total									20,101,666,523*

* Projected Total based on 2005 dollars
* Projected Total based on 2005 dollars

9

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124

Idaho's Capital Improvement Needs

Estimated at over \$20 Billion (\$20,101,666,523)

- *Idaho's Interstate system needs infrastructure improvements to meet increased traffic demands and maintain safety (\$4.5 billion estimate);*
- *The State Highways reflect an aging system that warrants upgrades and infrastructure improvements (\$8 billion estimate);*
- *Local transportation entities have significant long term needs to meet safety and public expectations (\$6.3 billion estimate);*
- *Airport-connecting surface transportation has a 10-year projected need (\$221 million estimate);*
- *Public Transit has increasing needs in the rural areas and significant growth in the heavily populated areas. (\$1 billion estimate).*

10

Final Report-HW Lochner

A Final Report on Idaho's Projected Surface Transportation Capital Improvement Needs (2205-2035) was distributed to the Forum Members. The Final Report had some minor additions, with the total estimate as over \$20 billion (\$20,101,666,523).

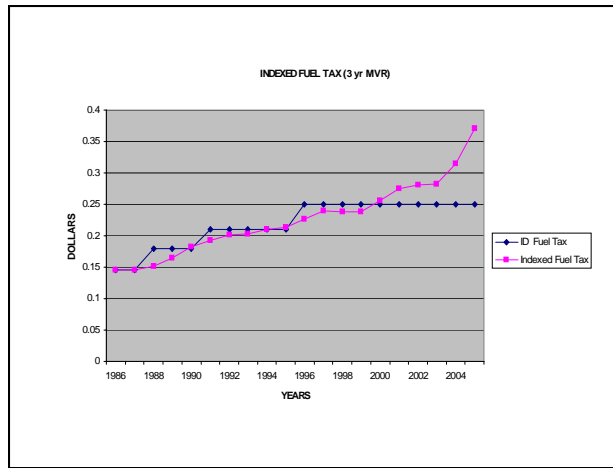
125

Index Protocols

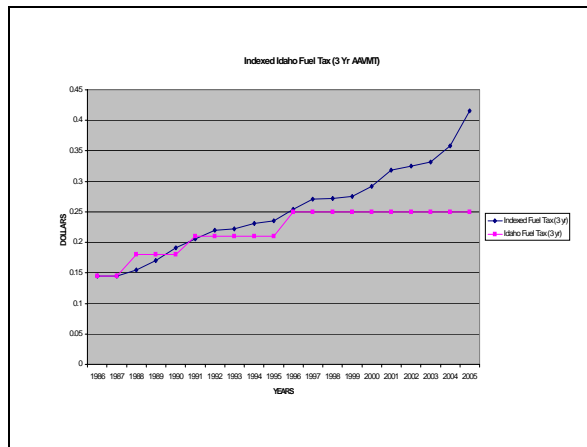
Meeting 5

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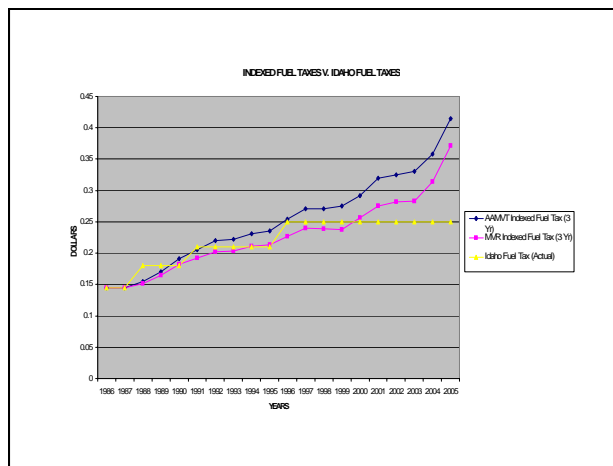
126



127

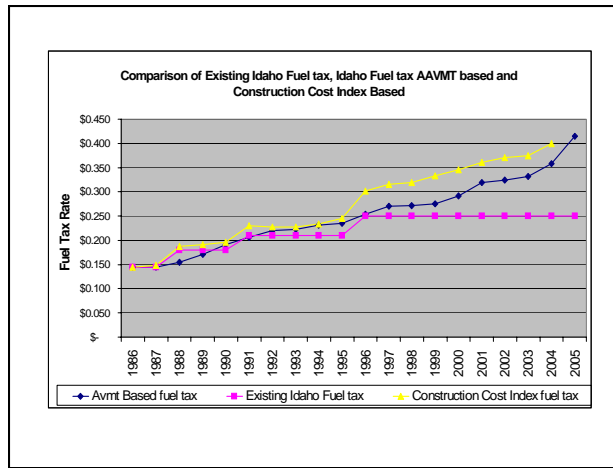


128



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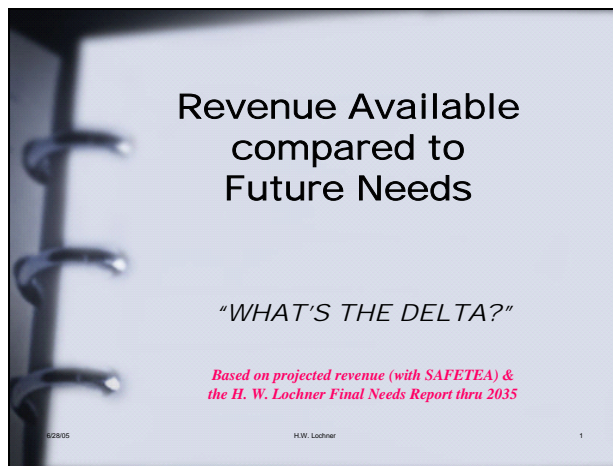
129



130



131



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132

FUNDS AVAILABLE EACH YEAR (2005 \$)		
IDAHO TRANSPORTATION DEPARTMENT		
	before SAFETEA	after SAFETEA
Capital	\$283.4 M	\$325.3 M
Maintenance/Operations	\$135.6 M	
Administration	<u>\$ 21.8 M</u>	
Total	\$440.8 M	\$482.7M
*Doesn't include Planning, Motor Vehicles, Aeronautics, or Highway Safety (\$29.1 M)		
6/28/05	H.W. Lochner	2

133

FUNDS AVAILABLE EACH YEAR (2002 \$)		
LOCAL HIGHWAY JURISDICTIONS		
	before SAFETEA	after SAFETEA
Capital	\$105.7 M	128.2 M
Maintenance/Operations	\$115.3 M	
Administration	<u>\$ 23.4 M</u>	
Total	\$244.4 M	\$266.9 M
*Includes federal funding and forest monies.		
6/28/05	H.W. Lochner	3

134

FUNDS AVAILABLE EACH YEAR (2005 \$)		
PUBLIC TRANSPORTATION		
	before SAFETEA	after SAFETEA
Capital	\$ 8.06 M	\$10.5 M
Maintenance/Operations	\$ 8.17 M	
Administration	<u>\$ ---NA----</u>	
Total	\$ 16.23 M	\$18.67 M
*No state funding		
6/28/05	H.W. Lochner	4

Forum on Transportation Investment

135

MATRIX Capital Needs – Available Funds -- Shortfall			
	Idaho Transportation Department	Local Highway Jurisdictions	Public Transportation
30 yr Capital Improvement Needs (Final)	\$12.7 billion	\$6.3 billion	\$1.07 billion
Available Funding (after SAFETEA)	\$325.3 M x 30 yrs = \$9.8 billion	\$128.2 M x 30 yrs = \$3.85 billion	\$10.5 M x 30 yrs = \$315 million
30 year Shortfall	\$2.9 billion	\$2.45 billion	\$755 million

Additionally, with the reauthorization of SAFETEA-LU, the yearly funding shortfall was revised to \$203.5 million. It appears that with the current funding, Idaho is not well poised to meet the future needs.

136

IDAHO'S 30-Year Surface Transportation Needs Shortfall
\$7.95 Billion (draft)
\$6.1 Billion (after SAFETEA)

137

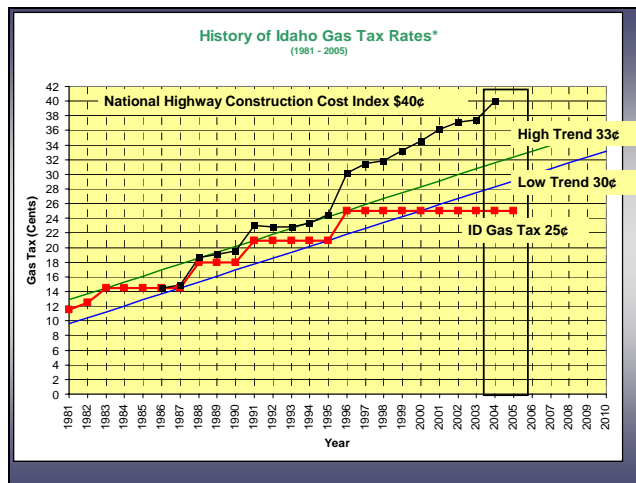
Yearly Funding Shortfall
\$264.5 million
\$203.5 million*
Additional funding needed To meet projected Capital Improvements
<i>*A shortfall of \$6.1 billion over the next 30 years \$6.1 billion / 30 years = \$203.5 million per year (without inflation).</i>

Forum on Transportation Investment

138

Gas Tax & Highway Distribution Account Revenue Meeting 5

139



140



The Forum's recommendations will need to address how we can get more revenue. Multiple revenue streams will probably be needed to meet the predicted shortfall.